

CONTACT FOR MEDIA: Ronda Sloan, Department of Insurance, 502-564-6098 (office) or (502) 330-1804 (cell)

FOR IMMEDIATE RELEASE: Aug. 1, 2002

State levies fines of \$17,500 in second round of "prompt pay" violations

FRANKFORT, Ky – Five insurance companies have been fined a total of \$17,500 for violations of the state's "prompt pay" law, the Kentucky Department of Insurance announced today.

Companies fined for noncompliance with the law were Aetna Life Insurance Company, American National Insurance Company, Great-West Life and Annuity Insurance Company, National Foundation Life Insurance Company and Trustmark Insurance Company.

Aetna Life and Trustmark were among the companies fined earlier this year for noncompliance.

According to data available to the DOI, 43 companies were found to be in compliance with the standards for this reporting period.

The law requires that "clean claims," those properly submitted by providers, be paid within 30 days of receipt. The only exception is the payment of claims associated with organ transplants which must be paid within 60 days. In addition, the law establishes interest penalties for late payments. Claims paid between 31-60 days are subject to an annual interest rate of 12 percent; claims paid between 61-90 days, 18 percent, and those over 91 days, 21 percent.

To be in compliance, an insurer must demonstrate in every quarter that at least 95 percent of clean claims and 90 percent of the total dollar amount paid for clean claims are paid within the 30-day time period. Insurers failing to meet these standards are subject to a fine at the discretion of the insurance commissioner.

The fines announced today are based on fourth quarter 2001 reports filed by insurers with the Department of Insurance. In May 2002, the Department fined seven companies a total of \$27,000 based on third quarter 2001 reporting.